Alaska Communications Systems

I. <u>The FCC's *CAF-ICC Order* Merits Reconsideration for Alaska-Specific Concerns</u>

A. The Order acknowledges some of the unique limitations (climate, geography, demographics, network architecture, or market structure) faced by Alaska carriers, but does not do enough to ensure that Universal Service support will be sufficient and predictable. As an example, ACS still is waiting for the Bureaus' determination whether and how much Phase I CAF support will be available to ACS for 2012.

B. Phase II CAF should be made available in Alaska even where per-line costs exceed $256 per month; the proportion of customers served by wire centers with costs above this level is considerably higher in Alaska than in other price cap carrier service areas.

C. Phase II CAF should support middle mile facilities. Unlike the rest of the country, sufficient and affordable backhaul is a critical factor for voice and broadband, but it is constrained in Alaska. ACS modeling has focused on these middle mile costs.

D. ETCs should not be prohibited from spending Phase II CAF support in a geographic service area merely because an unsupported competitor operates in a *portion* of the service area; rather, ETCs should be permitted to spend support dollars in any geographic area that is not *entirely* served by an unsupported competitor.

   1. Because much of the support is needed in Alaska for middle mile and backhaul facilities, ETCs must be given flexibility to deploy these facilities even on routes that are partially served.

   2. If partial overlap of an area by a competitor causes support to be withdrawn, it will drive out established ETCs that serve the entire area, leaving consumers without services where costs to serve are steepest.

E. ICC reforms also necessitate Alaska-specific solutions, reflecting the lack of local infrastructure. The Commission should defer implementation of bill and keep where fiber inter-office facilities are not ubiquitous. Alaska carriers need more time to invest in infrastructure and cannot do so without charging for use of existing facilities.

F. It is too soon to implement ICC reforms for originating access and premature to contemplate phasing out subscriber charges (ARC and SLC). The impact of the *CAF-ICC Order* should be assessed before making other changes that will likely have harsh consequences on Alaska carriers.

II. <u>The Phase I Mobility Fund as structured will not benefit Alaska.</u>

A. Alaska carriers cannot compete for a share of the $300 million Phase I Mobility Fund on the basis of the lowest per-mile cost, because Alaska has generally higher construction costs and very limited road infrastructure compared to other states.

1. To put Alaska carriers on a more competitive footing for Phase I dollars, ACS recommended inclusion in eligible road mile categories these common Alaska travel routes: navigable waterways, ferry routes, trails used for snowmobiles, and air miles used by small planes and helicopters to reach remote locations.

2. A certain amount of Phase I support should have been reserved for Alaska, based on the Commission's finding that the state lags behind the rest of the nation in broadband and mobile infrastructure. Instead, all parts of the country compete against one another for the least amount of support per road mile, and Alaska is unlikely to receive any Phase I Mobility Fund support.

B. The letter of credit requirement (adopted for the Phase I Mobility Fund auction) is punitive to small companies, and unnecessary for established carriers and publicly-traded companies like ACS.

C. The Phase II Mobility Fund should be structured so that there is an Alaska-specific set-aside; pitting Alaska against other parts of the country on a cost basis will result in zero support for Alaska.

III. <u>FCC reform should include the elimination of outmoded regulation</u>

A. The Commission failed to preempt state requirements that are inconsistent with the changes and policies adopted in the CAF-ICC Order. Carriers like ACS are whipsawed between federal and state regulations. Preemption is needed to give LECs the flexibility they need to compete in the new environment.

B. The Commission should eliminate legacy FCC regulations that have become obsolete and impose unnecessary expenses on LECs, such as the Part 32 Uniform System of Accounts.

IV. <u>ACS supports cost effective methods to eliminate duplicative Lifeline support with greater administrative ease for carriers, but wants to ensure that consumers most in need of support will benefit from Lifeline discounts.</u>

A. The Commission should reconsider the most burdensome aspects of the Lifeline Order, including:

1. Annual re-certification of all customer eligibility is unduly burdensome.

2. The new rules designed to prevent support to multiple users in a "household" are burdensome and will lead to customer confusion. The ETC must take several steps to make sure that the applicant and another subscriber at same address are part of different "households" and the applicant must complete and submit to the ETC additional documentation.

3. The Commission should reconsider the requirement that the state or third-party administrator provide a "copy" of the eligibility certification form to the ETC before the ETC can claim reimbursement. Instead, notice from the state or third-party administrator to the ETC (that the subscriber meets the eligibility criteria and has provided the required certification) should be sufficient.

4. The Commission should reconsider the one business day requirement for updating the database of any Lifeline subscriber's de-enrollment.

5. The Commission should reconsider the requirement that carriers ask potential Lifeline subscribers whether the customer's address is temporary and then verify at 90-day intervals whether the customer continues to reside at that address.

6. The Commission should reconsider imposing an obligation on carriers to include extensive, specific disclosures in their Lifeline advertising.

7. The Commission should reconsider the requirement to provide certain reports to tribal governments, and instead provide that a carrier shall provide tribe-specific information to tribal governments only upon reasonable request from a tribe.

B. A single national database for Lifeline accountability and eligibility should incorporate all necessary consumer information. This would minimize costs and limit opportunities for waste and fraud in the program.

C. In a wholesale/resale situation, Lifeline support should be provided where it is most valued. Carriers should be permitted to negotiate the terms and obligations of support, so long as there is no duplication of support.

D. To avoid harm to many Alaskan subscribers, the permanent Lifeline discount should not be further reduced. Discounts should not be divided across services or carriers. Dividing support would be administratively difficult and create customer management issues.